

Message Text

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PAGE 01 NEW DE 13556 081423Z

46

ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 ERDA-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 FEAE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15

SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00 /103 W

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R 081215Z OCT 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 1643

UNCLAS NEW DELHI 13556

E.O. 11652: N/AL

TAGS: ENRG EDIS IN

SUBJECT: GOI PROPOSAL FOR PARTICIPATION IN NATOMAS-CARLSBERG
OPERATION

FOLLOWING SENT ACTION NEW DELHI INFO BOMBAY MADRAS FROM
CALCUTTA OCT 08 IS REPEATED

QUOTE

CALCUTTA 2408

E.O. 11652: N/A

TAGS: ENRG, BDIS, IN

SUBJ: GOI PROPOSAL FOR PARTICIPATION IN NATOMAS-CARLSBERG
OPERATION

1. IN FRONT PAGE ARTICLE ON OCTOBER 8, BUSINESS STANDARD REPORTS
FROM NEW DELHI THAT NATOMAS WISHED TO TRANSFER PART OF ITS SHARE
IN OPERATION TO SUPERIOR OIL, BUT THAT GOI HAS SUGGESTED THAT
INSTEAD OIL AND NATURAL GAS COMMISSION (ONGC) TAKE OVER THAT
SHARE.

2. FOLLOWING ARE PERTINENT EXTRACTS FROM BUSINESS STANDARD
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ARTICLE: "AS DRILLING IS GOING ON, THE CONTRACTORS--THE NATOMAS-

CARLSBERG GROUP--HAVE COME OUT WITH A PROPOSAL TO SHED PART OF THEIR HOLDINGS TO ANOTHER AMERICAN COMPANY, SUPERIOR OIL WHICH IS A MINOR PARTNER IN THE GROUP THAT IS ABOUT TO START DRILLING IN THE KUTCH BASIN...THE NATOMAS COMPANY HAS PROPOSED TO THE PETROLEUM MINISTRY THAT IT BE ALLOWED TO TRANSFER 30 PERCENT OF ITS INTEREST TO THE SUPERIOR OIL COMPANY. THE NATOMAS COMPANY HAVING EXPLORATION INTERESTS IN DIFFERENT COUNTRIES HAS APPARENTLY BEEN FORCED TO DO THIS BECAUSE OF FINANCIAL CONSTRAINTS.

UNDER THE TERMS OF THE CONTRACT WITH THE CARLSBERG-NATOMAS GROUP, THE OIL AND NATURAL GAS COMMISSION (ONGC) HAS THE RIGHT TO PARTICIPATE IN THE OFFSHORE VENTURE UP TO 10 PERCENT AFTER DISCOVERY OF OIL. THE PETROLEUM MINISTRY HAS SUGGESTED TO THE NATOMAS COMPANY THAT THE ONGC BE ALLOWED TO TAKE ON THE SHARE WHICH IT WANTS TO SHED TO THE SUPERIOR OIL COMPANY. THE NATOMAS COMPANY HAS NOT REACTED FAVORABLY TO THIS COUNTER-PROPOSAL APPARENTLY BECAUSE IT WILL AFFECT THE STYLE OF FUNCTIONING OF THE GROUP AS A WHOLE DURING THE EXPLORATION STAGE.

THE MINISTRY FEELS THAT SINCE THE ONGC HAS THE RIGHT TO PARTICIPATE IN THE VENTURE UP TO 10 PERCENT ONCE OIL IS FOUND, IT WILL BE IN THE COUNTRY'S OVERALL INTEREST IF THE TRANSFERABLE SHARE OF THE NATOMAS COMPANY IS GIVEN TO THE ONGC, RATHER THAN TO THE SUPERIOR OIL COMPANY, DURING THE EXPLORATION STAGE ITSELF. BUT THE NATOMAS COMPANY THINKS THAT THE PRESENT WORKING ARRANGEMENT MIGHT BE UPSET BY THE ENTRY OF THE ONGC AT THIS STAGE.
SIGNED KORN

UNQUOTE SCHNEIDER

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